SECRET

DEPARTMENT OF STATE

DEPUTY UNDER SECRETARY

May 25, 1954

TO: S - The Secretary

THROUGH: S/S

FROM: G - Mr. Murphy

Mr. Holland's memorandum of May 21 came to my attention by a casual reference to the Navy's order of May 23 to the Caribbean Command at the OCB luncheon by Acting Secretary of Defense Anderson. Now that the President and you have decided on this action it of course must be seen through, but I would like you to know that I believe the philosophy back of the action is wrong and that it may be very expensive over the longer term.

My instinct, and perhaps my ignorance of Guatemalan problems, tells me that to resort to this action confesses the bankruptcy of our political policy vis-a-vis that country. Instead of political action inside Guatemala we are obliged to resort to heavy-handed military action on the periphery of the cause of trouble. While I do not question the usefulness of a display of naval force in the Central American area under present circumstances, forcible detention of foreign flag shipping on the high seas is another matter.

While we may get applause perhaps from some Latin countries, there may be others, and Mexico may be one, whose reaction may be to assert their right as sovereign states to purchase arms where they like. In our past we asserted our right to deliver arms to belligerents. Our present action should give stir to the bones of Admiral von Tirpitz, and no doubt the conversation of some German naval officers will relate to our "good neighbor" policy as spurlos versenkt.

This of course is an important action which seems to have received inadequate staff action in the Department, and is grounded on reasoning contrary to an opinion of the Acting Legal Adviser.

Copy to: ARA - Mr. Holland

G:RM:akh

SECRET

RM/R FILE

611.14/5-2554

611.14/5-2554